

BEFORE THE BOARD OF REAL ESTATE APPRAISERS

STATE OF IDAHO

ORIGINAL

In the Matter of the License of:)	Case Nos. REA-L3-02B-00-011
)	REA-P3-02B-00-017
MARK A. FLORY,)	REA-L3-02A-00-030
License No. LRA-303,)	REA-P3-02A-01-019
)	
Respondent.)	STIPULATION AND
)	CONSENT ORDER

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WHEREAS, information having been received by the Idaho State Board of Real Estate Appraisers (hereinafter the "Board") which constitutes sufficient grounds for the initiation of an administrative action against Mark A. Flory (hereinafter "Respondent"); and

WHEREAS, the parties mutually agree to settle the matter pending administrative Board action in an expeditious manner; now, therefore,

IT IS HEREBY STIPULATED AND AGREED between the undersigned parties that this matter shall be settled and resolved upon the following terms:

A.

1. The Board may regulate the practice of real estate appraisers in the State of Idaho in accordance with title 54, chapter 41, Idaho Code.
2. Respondent Mark A. Flory is a licensee of the Idaho State Board of Real Estate Appraisers and holds License No. LRA-303 to practice real estate appraisals in the State of Idaho.
3. Respondent's license is subject to the provisions of title 54, chapter 41, Idaho Code.
4. Appraisals in the State of Idaho must comply with the minimum standards set forth in the Uniform Standards of Professional Appraisal Practices ("USPAP").

5. USPAP Standards require that any appraiser who signs a report prepared by another must accept full responsibility for the appraisal and report.

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6. On or about January 28, 1999, Respondent prepared an appraisal report for the property located at 9400 Galloway Road in Middleton, Idaho ("Subject Property No. 1").

7. Respondents' January 28, 1999, appraisal report (hereinafter "the first report") of Subject Property No. 1 failed to meet the following requirements of USPAP Standards (1999):

a. The work file did not contain sufficient information to support the findings and conclusions in the first report, in violation of the Ethics Provision, Record Keeping;

b. The "client" is identified in the first report as "Merit Mortgage" on the cover page and page 1 of the first report, and as "Fultz" under "borrower/client" on other pages of the first report, which is confusing and does not clearly identify the "client," in violation of Standards 1-2(a) and 2-2(b)(i);

c. An easement for an airstrip runway is noted in the plat map, but the first report does not explain whether the easement affects value or contain the terms of the easement, does not explain if the airstrip affects value because of noise, danger, benefits, etc., does not explain the conditions of FAA approval for the airstrip or the airstrip's insurance/maintenance requirements, and does not explain conditions of the conditional use permit from the county and whether those impact value; thus, an extraordinary assumption was made but not disclosed that the easement does not affect the valuation process in violation of Standards Rules 1-2(g), 2-1(c) and 2-2(b)(viii);

d. The characteristics of the subject property were weakly supported in the first report; *i.e.*, the work file indicates Black Canyon irrigation water may be available to the property but this is unclear; it is unclear whether irrigation equipment may

be have been included; the plat map does not clearly identify the subject; easements for the airstrip and access to the interior lots may exist but this is unclear; the effect of the airstrip (such as maintenance, insurance, conditions of FAA approval, conditions of county approval, etc.) is unclear; the cost approach implies that the subject is located in a subdivision but the plat does not appear to indicate this; the subject had substantial improvements such as an in-ground swimming pool, tennis court, airstrip, shop, but these improvements are not described in the report and are minimally described in the work file; the house has a garage that is part of the basement, which is somewhat unique, but is poorly described in the first report, all in violation of Standards Rules 1-2(e) and 1-2(b)(iii);

e. The airstrip is unique to the property and may be an overimprovement and may affect potential demand for the property, but the first report failed to analyze this as well as other features of the airstrip such as noise, hazards, insurance, maintenance, benefits, demand, and market reaction to the airstrip as well as other amenities such as the tennis court and in-ground pool, in violation of Standards Rule 1-3(a) and 2-2(b)(ix);

f. It is unclear whether easements for the airstrip and access to interior lots may exist, in violation of Standards Rules 1-2(e)(iv) and 2-2(b)(ix);

g. The first report and work file contain inadequate analysis and support for the land value used in the first report; the site value is stated as being derived by "market extraction" but no analysis or support is provided, in violation of Standards Rules 1-4(b)(i), 2-1(a) and 2-2(b)(ix);

h. Cost analysis calculations in the report could not be found; although the first report states that Marshall and Swift and local builders were used, this could not be substantiated; depreciation calculations are not supported or explained (*i.e.*, whether straight-line depreciation was used, whether Marshall and Swift tables were used, the projected remaining economic life of the improvements); no cost analysis was found for

the amenities, all of which make the conclusions confusing and unsupported based upon the information available, in violation of Standards Rules 1-4(b)(ii) and (iii) and 2-2(b)(ix);

i. Analyses and adjustments are not clearly supported in the first report or in the work file, in violation of Standards Rules 1-4(a), 2-1(b) and 2-2(b)(ix), for example:

i. Although all comparables are different sized parcels, no site adjustments were made;

ii. The view adjustments are poorly supported;

iii. No adjustments were made for design and appeal, but comparable 1 may have been brick and with two stories, hot tub and shop according to the work file, and comparable 2 may have had cathedral ceilings and hardwood floors according to the work file;

iv. The first report fails to explain how \$1,000 per one-half bath was determined;

v. Bedroom adjustment of \$250 per room is not supported in the first report or the work file;

vi. The first report and the work file contained no support or analysis to justify the amenities adjustments and there appears to be no adjustment for the airstrip;

vii. Sales 1 and 2 may be out of the immediate market area of the subject with different school districts and communities and the first report should have contained a more complete analysis for clarification; and

j. Inadequate information and support is found in the first report to properly reconcile the quality and quantity of data within the approaches, and the first report does not contain sufficient information to enable the intended users of the appraisal

to understand the report properly, in violation of Standards Rules 1-5(c), 2-1(a), (b) and (c) and 2-2(b)(ix).

8. On or about September 17, 1999, Respondent prepared a letter to CTC-Parcel Estate Services conveying the value of Subject Property No. 1 assuming “separation” of 4.5 acres (hereinafter “the appraisal letter”).

9. Respondents’ appraisal letter of Subject Property No. 1 failed to meet the following requirements of USPAP Standards (1999):

a. The appraisal letter appears to have taken the value of the whole of the 7 acres of Subject Property No. 1 and simply separated a value out for the 4.5 acres, in violation of Standards Rule 1-4(e);

b. The appraisal letter fails to analyze whether the highest and best use for the parcel could have changed after the “separation,” in violation of Standards Rule 1-3(b); and

c. A listing for the subject property was active at the time of the appraisal letter but the appraisal letter failed to analyze the listing, in violation of Standards Rules 1-5(a) and 2-2(b)(ix).

10. On or about May 25, 2000, Respondent prepared a second appraisal report of Subject Property No. 1 (hereinafter “the second report”). The second report of Subject Property No. 1 failed to meet the following requirements of USPAP Standards (1999):

a. The work file did not contain sufficient information to support the findings and conclusions in the second report, in violation of the Ethics Provision, Record Keeping;

b. The “client” is identified in the report as “Summit Mortgage” on the cover page and page 1 of the second report and as “Fultz” under “borrower/client” on other pages of the second report, which is confusing and does not clearly identify the “client,” in violation of Standards 1-2(a) and 2-2(b)(i);

c. An easement for an airstrip runway is noted in the plat map, but the second report does not explain whether the easement affects value or contain the terms of the easement, does not explain if the airstrip affects value because of noise, danger, benefits, etc., does not explain the conditions of FAA approval for the airstrip or the airstrip's insurance/maintenance requirements, and does not explain conditions of the conditional use permit from the county and whether those impact value; thus, an extraordinary assumption was made but not disclosed that the easement does not affect the valuation process, and the work file indicates that a parcel was sold and a maintenance agreement was recorded six months before the second report, but this was not addressed in the second report, all in violation of Standards Rules 1-2(h) and (g), 2-1(c), and 2-2(b)(viii);

d. The characteristics of the subject property were weakly supported; *i.e.*, the work file indicates Black Canyon irrigation water may be available to the property but this is unclear; it is unclear whether irrigation equipment may have been included; the plat map does not clearly identify the subject; parcel #4 consisting of 4+ acres, which may be the airstrip, appears to have been sold but this is unclear; easements for the airstrip and access to the interior lots may exist but this is unclear; the effect of the airstrip, if it is still included with the property, (such as maintenance, insurance, conditions of FAA approval, conditions of county approval, etc.) is unclear; the cost approach implies that the subject is located in a subdivision but the plat does not appear to indicate this; the subject had substantial improvements such as an in-ground swimming pool, tennis court, airstrip, shop, but these improvements are not described in the second report and are minimally described in the work file; the house has a garage that is part of the basement, which is somewhat unique, but is poorly described in the second report, all in violation of Standards Rules 1-2(e) and 1-2(b)(iii);

e. It is unclear whether the airstrip is part of the subject, and if it is, the airstrip is unique to the property and may be an overimprovement and may affect

potential demand for the property, but the second report failed to analyze this as well as other features of the airstrip such as noise, hazards, insurance, maintenance, benefits, demand, and market reaction to the airstrip as well as other amenities such as the tennis court and in-ground pool, in violation of Standards Rule 1-3(a) and 2-2(b)(ix);

f. It is unclear whether easements for the airstrip (if included) and access to interior lots may exist, in violation of Standards Rules 1-2(e)(iv) and 2-2(b)(ix);

g. The report and work file contain inadequate analysis and support for the land value used in the second report; the site value is stated as being derived by "market extraction" but no analysis or support is provided, in violation of Standards Rules 1-4(b)(i), 2-1(a) and 2-2(b)(ix);

h. Cost analysis calculations in the report could not be found; although the second report states that Marshall and Swift and local builders were used, this could not be substantiated; depreciation calculations are not supported or explained (*i.e.*, whether straight-line depreciation was used, whether Marshall and Swift tables were used, the projected remaining economic life of the improvements); no cost analysis was found for the amenities, all of which make the conclusions confusing and unsupported based upon the information available, in violation of Standards Rules 1-4(b)(ii) and (iii) and 2-2(b)(ix);

i. Analyses and adjustments are not clearly supported in the report or in the work file, in violation of Standards Rules 1-4(a), 2-1(b) and 2-2(b)(ix), for example:

i. The cost approach indicated a value of \$21,428 per acre, but Respondent used \$3,000 per acre with the comparables;

ii. The view adjustments are poorly supported;

iii. No adjustments were made for quality of construction but the work file indicates that MLS reported sale 4 as being a manufactured home, sale 2 having 16-foot cedar beam ceilings, and sale 3 as having hardwood floors;

iv. The report fails to explain how \$1,000 per one-half bath was determined;

v. Bedroom adjustment of \$250 per room is not supported in the report or the work file;

vi. The second report and the work file contained no support or analysis to justify the amenities adjustments, while there was an adjustment for the airstrip, no support or analysis was provided regarding the size of the adjustment, and it appeared the airstrip was not part of the subject property less hypothetical conditions existed;

vii. All sales except sale 4 (which was a listing) may be out of the immediate market area of the subject with different school districts and communities and the report should have contained a more complete analysis for clarification;

j. The second report failed to analyze the listing and November 8, 1999, sale of parcel #4, in violation of Standards Rules 1-1(a), (b) and (c), 1-5(a) and (b), and 2-2(b)(ix);

k. Inadequate information and support is found in the report to properly reconcile the quality and quantity of data within the approaches, and the second report does not contain sufficient information to enable the intended users of the appraisal to understand the second report properly, in violation of Standards Rules 1-5(c), 2-1(a), (b) and (c) and 2-2(b)(ix).

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11. On or about May 5, 2000, L.J. Smith, Respondent's trainee who was not a licensed appraiser, prepared a "land only" appraisal report for the property located at 2969 Cemetery Road in Cambridge, Idaho ("Subject Property No. 2"). Respondent signed the appraisal as the Supervisory Appraiser.

12. The May 5, 2000, appraisal report of Subject Property No. 2 failed to meet the following requirements of USPAP Standards (2000):

a. As shown by the cover page, the invoice for this appraisal, and the work file, L.J. Smith represented himself as a licensed appraiser, in violation of the Ethics Rule, Conduct, the Competency Rule, and Standards Rule 2-1(a);

b. The work file did not contain sufficient information to support the findings and conclusions in the first report, in violation of the Ethics Provision, Record Keeping;

c. The reporting option is stated as being “summary” on the invoice and page 1 of the report and as being “self-contained” in the FIRREA Addendum, in violation of Standards Rule 2-2;

d. The “client” is identified in the report as “Greenpoint Credit LLC-Boise” on the cover page and page 1 of the first report, and as “John & Ellen Filler” under “borrower/client” on other pages of the report, which is confusing and does not clearly identify the “client,” in violation of Standards 1-2(a) and 2-2(a)(i) (if self-contained) or 2-2(b)(i) (if summary);

e. Exposure time is not clearly identified; Respondent states under the appraiser’s certification #7 that exposure time is consistent with marketing time noted in the neighborhood section of the report unless otherwise stated in the reconciliation section of the report; the marketing time is stated at 4 to 6 months, but the date of sales of the comparables used range between 9 to 12 months; exposure time may be within the 4 to 6 month range but the date the sales were listed and the dates they sold should have been analyzed since the date of sales may indicate a longer exposure time may be needed, but no analysis was found for exposure time or market time, in violation of Standards Rule 1-2(c);

f. The plat map indicates easements may exist that may affect the subject; the Supplemental Addendum indicates that a shared well exists with lot #2, but no shared well agreement is mentioned; it is not clear if the property is in a subdivision or if the property is in transition and assumed to be subdivided; the report failed to explain

extraordinary assumptions and possible restrictions made about the easements and the shared well, in violation of Standards Rule 1-2(g), 2-1(c), and 2-2(a)(viii) or (b)(viii);

g. The legal description does not match up with the information in the plat map; the plat map is confusing and unclear; lot #1 appears to be unplatted but the report indicates it is subdivided; the report indicates there is a change in present land use taking place from acreage to subdivision but does not indicate what stage it is in or whether it affects value or marketability; the report indicates a shared well exists but does not state where it is located, whether easements exist for access, or whether there is a shared well agreement; extraordinary assumptions may have been made and not identified, in violation of Standards Rules 1-2(e), 1-2(g), and 2-2(a)(iii) and (viii) or (b)(iii) and (viii);

h. Insufficient comparable sales information sheets were found in the report or the work file; supportive analysis for adjustments was weak, in violation of Standards Rules 1-4(a), 2-1(b) and 2-2(a)(ix) or (b)(ix), for example:

i. Sales dates ranged from 9 months to 1 year and marketing time for the subject is stated as being 4 to 6 months, which raises questions as to whether a time adjustment was needed;

ii. Access adjustments were made for sales 2 and 3, which apparently have road easements but no roads, and the work file indicates a one-half road excavation cost, but the report does not indicate when the cost occurred, if there is a road or with whom it is shared;

iii. Size is adjusted for sale 1 at \$2200 per acre but no analysis is provided to support or refute this adjustment; and

iv. The subject has a "shared well," sale 1 has a "shared well" and septic systems in place and sales 2 and 3 appear to have no well and no septic systems in place and an adjustment of +\$3000 was made, but the work file indicates the septic

system of the subject was \$4600 and the well cost at one-half was \$2700; the analysis in the report is inconclusive and does not support the adjustments;

i. Inadequate information and support is found in the report to properly reconcile the quality and quantity of data within the approaches, and the second report does not contain sufficient information to enable the intended users of the appraisal to understand the second report properly, in violation of Standards Rules 1-5(c), 2-1(a), (b) and (c) and 2-2(a)(ix) or (b)(ix).

13. On or about May 23, 2000, L.J. Smith prepared another appraisal report for Subject Property No. 2 which included the land and a manufactured home. Respondent signed the appraisal as the Supervisory Appraiser.

14. The May 23, 2000, appraisal report of Subject Property No. 2 failed to meet the following requirements of USPAP Standards (2000):

a. As shown by the cover page, the invoice for this appraisal, and the work file, L.J. Smith represented himself as a licensed appraiser, in violation of the Ethics Rule, Conduct, the Competency Rule, and Standards Rule 2-1(a);

b. The work file did not contain sufficient information to support the findings and conclusions in the first report, in violation of the Ethics Provision, Record Keeping;

c. The reporting option is stated as being "summary" on the invoice and page 1 of the report and as being "self-contained" in the FIRREA Addendum, in violation of Standards Rule 2-2;

d. The intended use of the report is unclear and confusing; on page 1 of the report "refinance" is stated which might indicate an existing residence, but on page 2 of the report it is stated that the "appraisal has been prepared for the sole purpose of acquiring a mortgage" and that it is subject to plans and specifications as submitted to Respondent on 5/15/00, in violation of Standards Rule 1-2(b) and 2-2(a)(ii) (if self-contained) or (b)(ii) (if summary);

e. The “client” is identified in the report as “Republic Mortgage” on the cover page and page 1 of the first report, and as “John R. Filler” under “borrower/client” on other pages of the report, which is confusing and does not clearly identify the “client,” in violation of Standards 1-2(a) and 2-2(a)(i) or (b)(i);

f. Exposure time is not clearly identified; Respondent states under the appraiser’s certification #7 that exposure time is consistent with marketing time noted in the neighborhood section of the report unless otherwise stated in the reconciliation section of the report; the marketing time is stated at 4 to 6 months, but the date of sales of the comparables used range between 9 to 12 months; exposure time may be within the 4 to 6 month range but the date the sales were listed and the dates they sold should have been analyzed since the date of sales may indicate a longer exposure time may be needed, but no analysis was found for exposure time or market time, in violation of Standards Rule 1-2(c);

g. The plat map indicates easements may exist that may affect the subject; the Supplemental Addendum indicates that a shared well exists with lot #2, but no shared well agreement is mentioned; it is not clear if the property is in a subdivision or if the property is in transition and assumed to be subdivided; the report failed to explain extraordinary assumptions and possible restrictions made about the easements and the shared well, in violation of Standards Rule 1-2(g), 2-1(c), and 2-2(a)(viii) or (b)(viii);

h. The legal description does not match up with the information in the plat map; the plat map is confusing and unclear; lot #1 appears to be unplatted but the report indicates it is subdivided; the report indicates there is a change in present land use taking place from acreage to subdivision but does not indicate what stage it is in or whether it affects value or marketability; the report indicates a shared well exists but does not state where it is located, whether easements exist for access, or whether there is a shared well agreement; extraordinary assumptions may have been made and not

iv. No age adjustments or comments on age were made, but sale 1 is four years older than the subject;

v. Sale 1 was adjusted for “observed condition” without explanation or justification;

vi. The comments on sales comparison indicate a \$15 per square foot rate will be applied to square footage of gross living area if that area exceeds 100 square feet, but sale 2 is 53 square feet larger than the subject and was adjusted at \$51 per square foot difference;

m. This was a new manufactured home being placed on acreage, but a sales contract between the buyer and dealer was not included in the work file or analyzed in the report, in violation of Standards Rule 1-5(a) and 2-2(a)(ix) or (b)(ix);

n. The work file indicates a balance due on 5.3 acres on April 1, 2000, and the appraisal is dated May 23, 2000, but the report or work file does not indicate if the parcel just sold or if a deed just transferred, in violation of Standards Rule 1-5(b) and 2-2(a)(ix) or (b)(ix); and

o. Inadequate information and support is found in the report to properly reconcile the quality and quantity of data within the approaches, and the second report does not contain sufficient information to enable the intended users of the appraisal to understand the second report properly, in violation of Standards Rules 1-5(c), 2-1(a), (b) and (c) and 2-2(a)(ix) or (b)(ix).

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15. On or about July 25, 2000, Gregory J. Smith, Respondent’s trainee who was not at that time a licensed appraiser, prepared an appraisal report for the property located at 17530 Van Slyke Road in Wilder, Idaho (“Subject Property No. 3”). Respondent signed the appraisal as the Supervisory Appraiser.

16. The appraisal report of Subject Property No. 3 failed to meet the following requirements of USPAP Standards (2000):

a. As shown by the cover page, the invoice for this appraisal, and the work file, Gregory J. Smith represented himself as a licensed appraiser, in violation of the Ethics Rule, Conduct, the Competency Rule, and Standards Rule 2-1(a);

b. The work file did not contain sufficient information to support the findings and conclusions in the report, in violation of the Ethics Provision, Record Keeping;

c. The reporting option is stated as being “summary” on the invoice and page 1 of the report and as being “self-contained” in the FIRREA Addendum, in violation of Standards Rule 2-2;

d. The cost approach information and analysis is not completed and the departure provision is not invoked, in violation of the Departure Rule and Standards Rule 2-2(a)(xi) (if self-contained) or (b)(xi) (if summary);

e. The “client” is identified in the report as “Custom Mortgage” on page 1 of the first report, and as “George & March Gould” under “borrower/client” on other pages of the report, which is confusing and does not clearly identify the “client,” in violation of Standards 1-2(a) and 2-2(a)(i) or (b)(i);

f. Under the Statement of Limiting Conditions and Appraiser’s Certification #3 Respondent has certified that the appraiser has noted in the report whether the subject site is located in an identified Special Flood Hazard Area, but page 1 of the report fails to indicate such, in violation of Standards Rule 1-2(e);

g. The report states that it is made “as is” on page 2 of the report, indicates that the roof is being replaced on the VC form, and further estimates the remaining life of the roof at 20 years on page 1 of the report, appearing that an extraordinary assumption may have been made about the roof replacement, in violations of Standards Rules 1-2(g) and 2-1(c);

h. The work file indicates a water users agreement will be provided and maintained but this is not mentioned or analyzed in the report, and irrigation equipment is

identified, in violation of Standards Rules 1-2(e), 1-2(g), and 2-2(a)(iii) and (viii) or (b)(iii) and (viii);

i. The specifications found in the work file are unclear and unreadable; the plans in the work file report the subject will have 1741 square feet; there was no building sketch in the report but the report used 1871 square feet; the work file did not contain the signed agreement between the buyer and seller for the manufactured home to verify the plans and specifications that were agreed upon, in violation of Standards Rules 1-2(e), 1-4(h) and 2-2(a)(iii) or (b)(iii);

j. The report and work file contain inadequate analysis and support for the land value used in the report; the site value is stated as being derived by “market extraction” but no analysis or support is provided, in violation of Standards Rules 1-4(b)(i), 2-1(b) and 2-2(a)(ix) or (b) (ix);

k. Cost analysis calculations in the report could not be found; although the report states that Marshall and Swift and local builders were used, this could not be substantiated, in violation of Standards Rules 1-4(b)(ii) and (h) and 2-2(a)(viii) and (ix) or (b)(viii) and (ix);

l. Insufficient comparable sales information sheets or verifications were found in the report or the work file; supportive analysis for adjustments was weak, in violation of Standards Rules 1-4(a), 2-1(b) and 2-2(a)(ix) or (b)(ix), for example:

i. Sales dates ranged from 9 months to 1 year and marketing time for the subject is stated as being 4 to 6 months, which raises questions as to whether a time adjustment was needed;

ii. A \$1000 adjustment for sale 2 for location on busy highway, but the effect on value of a “busy highway” is not explained;

iii. Sales 1 and 3 were adjusted for having a lesser view but the report does not contain sufficient information and analysis to justify these adjustments;

listed but no analysis is provided, in violation of Standards Rules 1-2(e) and 2-2(a)(ix) or (b)(ix);

i. The plat and the legal description indicate irrigation and canal easements may exist, and the work file indicates the MLS states water rights for irrigation were involved, but the report does not address or analyze this information, in violation of Standards Rules 1-2(e) and 2-2(a)(ix) or (b)(ix);

j. The work file indicates one acre of alfalfa with Wilder Irrigation District water, that the site had a new well and septic system, and a water user agreement and irrigation equipment, but this is unclear in the report and analysis, in violation of Standards Rules 1-2(e) and 2-2(a)(iii) or (b)(iii);

k. The work file indicated irrigation equipment, potential personal property, may have been part of the sales agreement, but the report failed to describe the equipment and include it in the analysis, in violation of Standards Rules 1-2(e)(iii) and 2-2(a)(ix) or (b)(ix);

l. The report and work file contain inadequate analysis and support for the land value used in the report; the site value is stated as being derived by "market extraction" but no analysis or support is provided, in violation of Standards Rules 1-4(b)(i), 2-1(a) and (b) and 2-2(a)(ix) or (b)(ix);

m. Insufficient comparable sales information sheets or verifications were found in the report or the work file; supportive analysis for adjustments was weak, in violation of Standards Rules 1-4(a), 2-1(b) and 2-2(a)(ix) or (b)(ix), for example:

i. Sales dates ranged from 1 month to 11 months and marketing time for the subject is stated as being 3 to 6 months, which raises questions as to whether a time adjustment was needed;

ii. No age adjustments or comments on age were made, but, according to the pictures provided with the report, sales 1, 2 and 3 appear to be much newer than the subject;

iii. Sale 3 is stated as having 3 bedrooms and the subject is stated as having 2, but the report does not address whether the market perceives, if at all, a demand for the third bedroom;

iv. Adjustments for GLS of the basement are unclear;

v. Sale 1 did not evidently have CAC but no adjustment was made;

vi. Sale 3 is stated as having no fireplace but not adjustment was made;

vii. The work file indicated several amenities that the sale analysis did not analyze, such as one acre of alfalfa, irrigation district, new well, new septic, irrigation equipment and water user's agreement for the subject; a shared well for sale 1; new paint, new bath fixtures, metal siding, new vinyl windows, new carpet, and a new well for sale 2, and a corral and shop for sale 3;

n. The report failed to contain an analysis of the earnest money agreement, in violation of Standards Rules 1-5(a) and 2-2(a)(ix) or (b)(ix); and

o. Inadequate information and support is found in the report to properly reconcile the quality and quantity of data within the approaches, and the second report does not contain sufficient information to enable the intended users of the appraisal to understand the second report properly, in violation of Standards Rules 1-5(c), 2-1(a), (b) and (c) and 2-2(a)(ix) or (b)(ix).

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17. On or about July 21, 2000, Gregory J. Smith, Respondent's trainee who was not a licensed appraiser, prepared an appraisal report for the property located at 16900 Sand Hollow Road in Caldwell, Idaho ("Subject Property No. 4"). Respondent signed the appraisal as the Supervisory Appraiser.

18. The July 21, 2000, appraisal report of Subject Property No. 4 failed to meet the following requirements of USPAP Standards (2000):

assumption may have been made that the easement would not affect value, in violation of Standards Rules 1-2(g), 2-1(c) and 2-2(a)(viii) or (b)(viii);

g. The legal description appears to be a tax parcel number, not the legal description, and does not match up with the information in the plat map; the plat map is confusing and unclear; the FEMA map number is not listed in the report; this lot is rural acreage and the report fails to address if irrigation water is available or if the property is assessed for irrigation water it may or may not receive; extraordinary assumptions may have been made and not identified, in violation of Standards Rules 1-2(e), 1-2(g), and 2-2(a)(iii) and (viii) or (b)(iii) and (viii);

h. The report and work file contain inadequate analysis and support for the land value used in the report; the site value is stated as being derived by “market extraction” but no analysis or support is provided, in violation of Standards Rules 1-4(b)(i), 2-1(a) and (b) and 2-2(a)(ix) or (b)(ix);

i. Cost analysis calculations in the report could not be found; although the report states that Marshall and Swift and local builders were used, this could not be substantiated, in violation of Standards Rules 1-4(b)(ii) and (h) and 2-2(a)(viii) and (ix) or (b)(viii) and (ix);

j. Insufficient comparable sales information sheets or verifications were found in the report or the work file; supportive analysis for adjustments was weak, in violation of Standards Rules 1-4(a), 2-1(b) and 2-2(a)(ix) or (b)(ix), for example:

i. Sales dates ranged from 2 months to 11 months and marketing time for the subject is stated as being 3 to 6 months, which raises questions as to whether a time adjustment was needed;

ii. No support was given to site adjustments and inconsistencies exist in the site adjustments;

iii. Sales 1, 2 and 3 were all much newer than the subject and sale 4 was older than the subject, but no age adjustments or comments on age were made;

iv. Based upon evidence in the work file for the second report, preexisting conditions may have existed on the condition of the dwelling that were not addressed in this report; and

v. The work file did not indicate a dishwasher, disposal, patio or fence, which are all reported in the report;

k. The report failed to contain an analysis of the earnest money agreement, in violation of Standards Rules 1-5(a) and 2-2(a)(ix) or (b)(ix); and

l. Inadequate information and support is found in the report to properly reconcile the quality and quantity of data within the approaches, and the second report does not contain sufficient information to enable the intended users of the appraisal to understand the second report properly, in violation of Standards Rules 1-5(c), 2-1(a), (b) and (c) and 2-2(a)(ix) or (b)(ix).

19. The above-stated allegations, if proven, would constitute a violation of the laws and rules governing the practice of real estate appraisals, specifically Idaho Code § 54-4107(1)(e) and IDAPA 24.18.01.700. Violations of these laws and rules would further constitute grounds for disciplinary action against Respondent's license to practice real estate appraisals in the State of Idaho.

20. Respondent, in lieu of proceeding with a formal disciplinary action to adjudicate the allegations as set forth above, hereby admit the violations and agree to the discipline against his license as set forth in Section C below.

B.

I, Mark A. Flory, by affixing my signature hereto, acknowledge that:

1. I have read and admit the allegations pending before the Board, as stated above in section A. I further understand that these allegations constitute cause for disciplinary action upon my license to practice real estate appraisals in the State of Idaho.

2. I understand that I have the right to a full and complete hearing; the right to confront and cross-examine witnesses; the right to present evidence or to call witnesses,

or to so testify myself; the right to reconsideration; the right to appeal; and all rights accorded by the Administrative Procedure Act of the State of Idaho and the laws and rules governing the practice of real estate appraisals in the State of Idaho. I hereby freely and voluntarily waive these rights in order to enter into this stipulation as a resolution of the pending allegations.

3. I understand that in signing this consent order I am enabling the Board to impose disciplinary action upon my license without further process.

C.

Based upon the foregoing stipulation, it is agreed that the Board may issue a decision and order upon this stipulation whereby:

1. License No. LRA-303 issued to Respondent Mark A. Flory is hereby placed on probation for one year. The one year shall commence from the date the Stipulation is accepted by the Board.

2. Respondent shall pay to the Board an administrative fine in the amount of Two Thousand and No/100 Dollars (\$2,000.00) within thirty (30) days of the entry of the Board's Order.

3. Respondent shall pay investigative costs and attorney fees in the amount of One Thousand and No/100 Dollars (\$1,000.00) within thirty (30) days of the entry of the Board's Order.

4. Respondent's License No. LRA-303 shall be placed on probation for a period of one (1) year. The conditions of probation are as follows:

a. Respondent shall comply with all state, federal and local laws, rules and regulations governing the practice of real estate appraisals in the State of Idaho.

b. The Board reserves the right to audit Respondent's appraisal files upon request.

c. Respondent shall inform the Board in writing of any change of place of practice or place of business within 15 days of such change.

d. In the event Respondent should leave Idaho for three (3) continuous months, or to reside or practice outside of the state, Respondent must provide written notification to the Board of the dates of departure, address of intended residence or place of business, and indicate whether Respondent intends to return. Periods of time spent outside Idaho will not apply to the reduction of this period or excuse compliance with the terms of this Stipulation.

e. Respondent shall fully cooperate with the Board and its agents, and submit any documents or other information within a reasonable time after a request is made for such documents or information.

f. Respondent shall make all files, records, correspondence or other documents available immediately upon the demand of any member of the Board's staff or its agents.

g. Respondent shall not supervise trainees while he is on probation.

6. At the conclusion of the one-year probationary period, Respondent's License No. LRA-303 shall no longer have restrictions placed on it. Respondent supply the Board with written proof of compliance with the terms of this Stipulation. The Board retains discretion to lift or retain the restrictions on Respondent's license or to continue the period of probation.

7. All costs associated with compliance with the terms of this stipulation are the sole responsibility of Respondent.

8. The violation of any of the terms of this Stipulation by Respondent will warrant further Board action against Respondent. The Board therefore retains jurisdiction over this proceeding until all matters are finally resolved as set forth in this Stipulation.

D.

1. It is hereby agreed between the parties that this Stipulation shall be presented to the Board with a recommendation for approval from the Deputy Attorney

General responsible for prosecution before the Board at the next regularly scheduled meeting of the Board.

2. Respondent understands that the Board is free to accept, modify with Respondent's approval, or reject this Stipulation, and if rejected by the Board, a formal complaint may be filed against Respondent. Respondent hereby agrees to waive any right Respondent may have to challenge the impartiality of the Board to hear the disciplinary complaint if, after review by the Board, this Stipulation is rejected.

3. ~~If the Stipulation is not accepted by the Board, it shall be regarded as null and void. Admissions by Respondent in the Stipulation will not be regarded as evidence against Respondent at the subsequent disciplinary hearing.~~

4. The Consent Order shall not become effective until it has been approved by a majority of the Board and endorsed by a representative member of the Board.

5. Any failure on the part of Respondent to timely and completely comply with any term or condition herein shall be deemed a default by Respondent.

6. Any default of this Stipulation and Consent Order shall be considered a violation of Idaho Code § 54-4107(1)(d). If Respondent violates or fails to comply with this Stipulation and Consent Order, the Board may impose additional discipline against Respondent pursuant to the following procedure:

a. The Chief of the Bureau of Occupational Licenses shall schedule a hearing before the Board. Within twenty-one (21) days after the notice of hearing and charges is served, Respondent shall submit a response to the allegations. If Respondent does not submit a timely response to the Board, the allegations will be deemed admitted.

b. At the hearing before the Board upon default, the Board and Respondent may submit affidavits made on personal knowledge and argument based upon the record in support of their positions. Unless otherwise ordered by the Board, the evidentiary record before the Board shall be limited to such affidavits and this Stipulation and Consent Order. Respondent waives a hearing before the Board on the facts and

ORDER

Pursuant to Idaho Code § 54-4106, the foregoing is adopted as the decision of the Board of Real Estate Appraisers in this matter and shall be effective on the 21 day of April, 2003. IT IS SO ORDERED.

IDAHO STATE BOARD
OF REAL ESTATE APPRAISERS

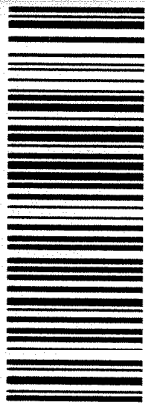
By 

~~Stanley Moe, Chair~~

PAUL MORGAN, CHAIR

STATE OF IDAHO
DEPARTMENT OF SELF-GOVERNING AGENCIES
Bureau of Occupational Licenses
Owyhee Plaza
1109 Main Street, Suite 220
Boise, ID 83702-5642

CERTIFIED MAIL



7000 1530 0005 5350 2039

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

MARK A. FLORY
C/O ROB SHOCKLEY
GLEDHILL JONES
PO BOX 1097
BOISE, IDAHO 83701

2. Article Number (Copy from service label)

7000 1530 0005 5350 2039

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

LINDSEY CHRISTIAN 4-29

C. Signature

[Signature] ☒ Agent ☐ Addressee

D. Is delivery address different from item 1? ☐ Yes ☒ No
If YES, enter delivery address below:

RECEIVED
APR 30 2003

3. Service Type ☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.
4. Restricted Delivery? (Extra Fee) ☐ Yes

Domestic Return Receipt

PS Form 3811, July 1999

102595-99-M-1789

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

Stipulation & Consent Order

Postage \$
Certified Fee
Return Receipt Fee (Endorsement Required)
Restricted Delivery Fee (Endorsement Required)
Total Postage & Fees \$

Sent To MARK A. FLORY
C/O ROB SHOCKLEY
GLEDHILL JONES
PO BOX 1097
City, State, ZIP BOISE, IDAHO 83701

PS Form 3811, July 1999

102595-99-M-1789

a. As shown by the cover page, the invoice for this appraisal, and the work file, Gregory J. Smith represented himself as a licensed appraiser, in violation of the Ethics Rule, Conduct, the Competency Rule, and Standards Rule 2-1(a);

b. The work file did not contain sufficient information to support the findings and conclusions in the first report, in violation of the Ethics Provision, Record Keeping;

c. The reporting option is stated as being "summary" on the invoice and page 1 of the report and as being "self-contained" in the FIRREA Addendum, in violation of Standards Rule 2-2;

d. The "client" is identified in the report as "Custom Mortgage" on the cover page and page 1 of the first report, and as "Ed Lampkey" under "borrower/client" on other pages of the report, which is confusing and does not clearly identify the "client," in violation of Standards Rules 1-2(a) and 2-2(a)(i) (if self-contained) or 2-2(b)(i) (if summary);

e. The work file for a later appraisal on this property in March 2001 lists existing conditions on the dwelling which were most likely preexisting at the time this report was completed, such as "house is unlevel post and pier," "roof needs to certification," "fan hood is wired wrong and blows instead of sucks," "heating duct rotted," "water damage in bathroom and adjoining bedroom from subflooring into walls," "master bath has rotten shower/tub that is rusting and needs replaced," "front entry water damage and needs repaired," and "furnace is not in good operation," but this report failed to mention the repairs, listed the condition as "average," and contained a certification signed by Respondent and the trainee that "the appraiser has noted in the appraisal report any adverse conditions," in violation of Standards Rules 1-2(e) and 2-2(a)(viii) and (ix) or (b)(viii) and (ix);

f. The plat map may indicate an easement exists on the east side of the subject, but the report failed to note this and failed to disclose that an extraordinary

CERTIFICATE OF SERVICE

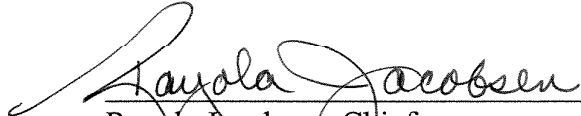
I HEREBY CERTIFY that on this 24th day of April, 2003, I caused to be served a true and correct copy of the foregoing by the following method to:

Mark A. Flory
c/o Rob Shockley
Gledhill Jones
P.O. Box 1097
Boise, ID 83701

- ☒ U.S. Mail
- ☐ Hand Delivery
- ☒ Certified Mail, Return Receipt Requested
- ☐ Overnight Mail
- ☐ Facsimile: _____
- ☐ Statehouse Mail

Cheri L. Bush
Deputy Attorney General
P.O. Box 83720
Boise, ID 83720-0010

- ☐ U.S. Mail
- ☐ Hand Delivery
- ☐ Certified Mail, Return Receipt Requested
- ☐ Overnight Mail
- ☐ Facsimile: _____
- ☒ Statehouse Mail



Rayola Jacobsen, Chief
Bureau of Occupational Licenses

substantive matters related to the violations described in Section A, and waives discovery, cross-examination of adverse witnesses, and other procedures governing administrative hearings or civil trials.

c. At the hearing, the Board will determine whether to impose additional disciplinary action, which may include conditions or limitations upon Respondent's practice or suspension or revocation of Respondent's license.

7. The Board shall have the right to make full disclosure of this Stipulation and Consent Order and the underlying facts relating hereto to any state, agency or individual requesting information subject to any applicable provisions of the Idaho Public Records Act, Idaho Code §§ 9-337 to 9-350.

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8. This Stipulation and Consent Order contains the entire agreement between the parties, and Respondent is not relying on any other agreement or representation of any kind, verbal or otherwise.

I have read the above stipulation fully and have had the opportunity to discuss it with legal counsel. I understand that by its terms I will be waiving certain rights accorded me under Idaho law. I understand that the Board may either approve this stipulation as proposed, approve it subject to specified changes, or reject it. I understand that, if approved as proposed, the Board will issue an Order on this stipulation according to the aforementioned terms, and I hereby agree to the above stipulation for settlement. I understand that if the Board approves this stipulation subject to changes, and the changes are acceptable to me, the stipulation will take effect and an order modifying the terms of the stipulation will be issued. If the changes are unacceptable to me or the Board rejects this stipulation, it will be of no effect.

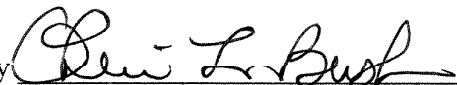
DATED this 4th day of April, 2003.


Mark A. Flory
Respondent

I concur in this stipulation and order.

DATED this 4th day of April, 2003.

STATE OF IDAHO
OFFICE OF THE ATTORNEY GENERAL

By 
Cheri L. Bush
Deputy Attorney General